

Message Text

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ACTION EB-07

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E.O. 11652: N/A
TAGS: ENRG, EALR, MY
SUBJECT: PETRONAS' PLANNING

1. SUMMARY: PETRONAS LOOKING TO U.S. AS POTENTIAL MARKET FOR BOTH
CRUDE PETROLEUM AND LNG. NEW COMPAINES WILL BE INVITED TO
BID ON EXPLORATION AND PRODUCTION AREAS IN MID-1977. NEW
AMENDMENT TO PETROLEUM ACT WILL CLARIGY PETRONAS'
ROLE IN DOWNSTREAM ACTIVITIES. PETRONAS ALREADY IN CONTACT
WITH U.S. BANKS CONCERNING FINANCIAL SERVICES. PETRONAS HAS
ARRANGED TRAINING FOR MALAYSIAN PETROLEUM ENGINEERS IN U.S.
END SUMMARY.

2. DURING CALL ON PETRONAS EXECUTIVE DIRECTORS FOR MARKETING AND
LEGAL AFFAIRS, ECON COUN AND ECON OFF WERE INFORMED THAT
PETRONAS IS LOOKING AT U.S. AS POTENTIAL MARKET FOR CRUDE
PETROLEUM AND LIQUIFIED NATURAL GAS IN ORDER TO DIVERSIFY
MARKETS. TALKS HAVE ALREADY BEEN HELD WITH GULF, PHILIPS AND
COASTAL STATES OIL ON SALES OF CRUDE AND WITH PACIFIC GAS AND
ELECTRIC ON LNG. BINTULU LNG PLANT EXPECTED TO GO INTO
OPERATION IN 1982 WITH ANNUAL PRODUCTION OF 6 MILLION TONS.
JAPANESE MARKET INITIALLY ONLY ABLE TO UTILIZE 4 MILLION TONS
AND PETRONAS WANTS TO SELL REMAINDER TO U.S.

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3. PETRONAS STATED THAT AQUITAINE WILL PROBABLY RELINQUISH

THEIR PRESENT CONCESSION AREA DUE TO LACK OF PROMISE AND LIKELY TO BID ON NEW EXPLORATION AND PRODUCTION AREAS WHICH WILL BE OPENED FOR BIDDING IN MID-1977. OTHER COMPANIES NEW TO AREA HAVE EXPRESSED INTEREST AND ARE EXPECTED TO BID.

4. EXTEND OF PETRONAS' INTEREST IN DOWNSTREAM PETROLEUM-RELATED OPERATIONS, INCLUDING PETRO-CHEMICAL INDUSTRIES, IS EXPECTED TO BE MORE CLEARLY AND NARROWLY DEFINED THROUGH EMENDMENT TO PETROLEUM DEVELOPMENT ACT SOON.

5. PETRONAS HAS ALREADY BEEN IN CONTACT WITH MANUFACTURERS HANOVER TRUST AND MORGAN GUARANTEE CONCERNING PETROLEUM-RELATED BANKING SERVICES. THEY ARE ALSO INTERESTED IN ESTABLISHING BANKING CONTACTS ON WEST COAST OF U.S. PETRONAS' FIRST NEEDS FOR MAJOR FINANCING WILL BE FOR CONSTRUCTION OF \$800 MILLION BINTULU LNG PLANT.

6. ON QUESTION OF SERVICE COMPANIES, PETRONAS WOULD PREFER FIRMS TO BE LOCALLY INCORPORATED BUT REALIZES THAT THIS NOT PRACTICAL FOR NUMBER OF SPECIALITY FIRMS, E.G. SEISMIC, ETC. PETRONAS NOW DRAWING UP GUIDELINES ON THIS.

7. PETRONAS ALSO SAID THAT IT HAS ARRANGED FOR ONE YEAR "CONVERSION COURSES" FOR MALAYSIAN MECHANICAL AND CHEMICAL ENGINEERS TO BE TRAINED AS PETROLEUM ENGINEERS AT LOUISIANA STATE UNIV. AND TULSA UNIV. THIS EXPECTED TO PROVIDE PETRONAS MUCH NEEDED TECHNICAL EXPERTISE IN SHORTEST TIME POSSIBLE.

8. COMMENT: PETRONAS' PLANNING AND ORGANIZATION ARE FURTHER ALONG THAN PREVIOUSLY UNDERSTOOD.
UNDERHILL

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